
**DECLARATION ESTABLISHING
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
NORTHSTAR MEADOWS**

Table of Contents

	<u>Page</u>
ARTICLE I. DEFINITIONS	1
ARTICLE II. USE REGULATIONS AND RESTRICTIONS	2
ARTICLE III. TITLE TO COMMON AREA	4
ARTICLE IV. DESIGN CONTROL	5
ARTICLE V. ESTABLISHMENT AND ORGANIZATION OF ASSOCIATION	7
ARTICLE VI. PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT	8
ARTICLE VII. CREATION OF ASSESSMENT LIENS	9
ARTICLE VIII. DAMAGE OR DESTRUCTION OF COMMON AREA IMPROVEMENTS	11
ARTICLE IX. LENDER'S REGULATIONS	12
ARTICLE X. ANNEXATION	13
ARTICLE XI. MISCELLANEOUS PROVISIONS	14

**DECLARATION ESTABLISHING COVENANTS
CONDITIONS AND RESTRICTIONS
FOR NORTHSTAR MEADOWS**

This Declaration ("Declaration") is made this 18th day of October 1994, by NORTHSTAR MEADOWS, an Idaho limited partnership, (hereafter referred to as "Declarant"), with reference to the following facts:

RECITALS

A. The Declarant is the owner of all that real property described in Section 1.08; and

B. The Declarant proposes to develop said real property in two phases in accordance with the maps and plans approved under the zoning and subdivision ordinances and regulations of the City of Hailey and the State of Idaho; and

C. The subdivision map for the first phase of the development was filed in the office of the Recorder of the County of Blaine, State of Idaho as Instrument Number _____.

NOW THEREFORE, it is hereby declared that the Lots shown on the said subdivision map are held and shall be conveyed subject to the following covenants, conditions and restrictions:

ARTICLE I.

DEFINITIONS

1.01 "Association" shall mean Northstar Meadows Property Owners' Association, a nonprofit corporation organized under the laws of the State of Idaho and composed of the owners of the Lots as may be annexed hereto in accordance with the provisions of this Declaration.

1.02 "Common Area" shall refer to an area, including easements shown on the map herein referred to or shown on a recorded instrument and such additional area as may be annexed hereto in accordance with the provisions of this Declaration.

1.03 "Declarant" shall mean the Northstar Meadows, an Idaho limited partnership.

1.04 "Committee" shall mean the Design Review Committee established under Article IV hereof.

1.05 "Lot" shall mean the numbered Lots shown on the subdivision map, whether improved or unimproved.

1.06 "Owner" shall mean and refer to the record owner, whether one or more persons, of the fee simple title of any of the numbered Lots above described and includes contract buyers but excludes those having such interest merely as security for the performance of an obligation.

1.07 "Phase" means a group of Lots and parcels shown on any recorded final subdivision map, which group of Lots and parcels are made subject to this Declaration.

1.08 "Property" shall mean all of the land described in Exhibit A attached hereto and any property which may hereafter be subject to this Declaration by execution and recordation of a supplemental declaration, as hereinafter provided.

1.09 "Supplemental Declaration" means a supplemental declaration of covenants, conditions and restrictions which shall be recorded for the purposes of annexing additional property to Phase I, such property to be subject to the scheme of covenants, conditions and restrictions contained in this Declaration.

ARTICLE II.

USE REGULATIONS AND RESTRICTIONS

2.01 (a) No use whatsoever shall be made of any Lot except its use and improvement for a single family residence. Certain of the Lots owned by Declarant or its nominee may be used as construction offices or model homes for the purpose of developing and selling the Lots and homes built thereon.

(b) The ground floor area of any dwelling located on any Lot, exclusive of decks, open porches, carports and garages, shall be not less than one thousand five hundred (1,500) square feet for a one story building and nine hundred (900) square feet ground floor and six hundred (600) square feet second floor for a two story building.

(c) No garage or other attached or detached structure shall be erected in front of any residential units on Lots 16, 17, 20, 21, 39, 40, 42 and 43. Any attached or detached structure erected adjacent to or behind any residential building shall comply with the setback requirements of the applicable zoning ordinance of the City of Hailey and those contained in this Declaration.

(d) No more than one single family dwelling shall be erected or maintained on any one Lot.

(e) No trailer or garage shall be used as a temporary or permanent residence nor shall any residential structure be moved onto any Lot from any other location. When the erection of any structure is begun, the work thereon must be prosecuted diligently, and said structure must be substantially completed within eighteen months. Log homes and metal roofs are prohibited without the unanimous approval of the

Committee. Garages shall be constructed on the side or rear of all residences unless otherwise approved by the Committee.

(f) No cesspool, septic tank or other sewage disposal system or device shall be installed, maintained or used upon any Lot.

(g) No fences shall be erected in the backyard or side yard of any Lot which exceed six (6) feet in height. All fencing shall be log post and rail type except for fencing used only to screen from public views boats, campers, and trailers as approved by the Committee.

(h) No trailer, boat or camper shall be kept on a Lot except within an enclosed building or screened from public view from outside the Lot.

(i) No sign of any kind shall be displayed to the public view on any Lot except as approved by the Committee.

(j) Should delivery conditions or regulations dictate that there be free standing newspaper receptacles and/or mail boxes, the type of box and/or cluster arrangement shall be determined and/or approved by the Committee and rules for maintenance established by the Association.

(k) No Lot shall be used or maintained as a dumping ground for rubbish, machinery, equipment or storage for unused or unregistered motor vehicles. Trash, garbage, clippings or other waste shall not be kept except in sanitary containers. All incinerators, trash cans, garbage containers or other equipment for temporary storage and disposal of such material shall be kept in a clean and sanitary condition and shall not be exposed to public view.

(l) The front yards of all Lots shall be landscaped within eighteen (18) months after commencement of construction of the residence. All landscaping plans shall be submitted to the Committee for review and approval. No fence, wall, hedge or shrub plantings which obstruct sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points thirty (30) feet from the intersection of the street lines, or in the case of rounded property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No trees shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight-lines.

(m) No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. All Lots and improvements thereon shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and repair.

(n) Easements for installation and maintenance of utilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(o) No vehicle repairs shall be permitted on any streets or driveways.

(p) No commercial or industrial trucks, trailers or vehicles shall be stored or parked on any Lot or on any of the streets fronting on any Lot except within the garage or in conjunction with residential deliveries. KH/KB License

(q) Dogs when outside must at all times be in an enclosed yard, kennel, leashed, or under the Owner's supervision and control. Any household pet will be subject to expulsion from the Property upon complaint of three (3) or more Association members, and upon judging by the Board of Directors of the Association that said animal created a nuisance.

(r) All utilities upon any Lot for the transmission of utilities, telephone service, the reception of audio or visual signals or electricity, and all pipes for water, gas, sewer, drainage, or other utility purposes, shall be installed and maintained below the surface of the ground. Satellite dishes shall be screened from view and approved by the Committee prior to installation.

(s) No activities shall be conducted on any Lot and no improvements constructed thereon which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot. No open fires shall be lighted or permitted on any Lot, except while under the direct supervision, control and surveillance of the Lot owner; provided, however, burning trash, garbage and other refuse is prohibited.

ARTICLE III.

TITLE TO COMMON AREA

3.01 The title and fee to all lands platted as roads as shown on the recorded plat of Northstar Meadows shall be conveyed to the City of Hailey, Idaho on or before the date of recordation of the final plat. Title to Parcel A, platted as a neighborhood play area, shall be conveyed to the Association on or before the date of recordation of the final plat for Phase I of the development. Title to Parcels B and C, a twenty-five foot wide landscape buffer area along Empty Saddle Trail Road, shall be conveyed to the Association on or before the date of recordation of the final plat for Phase II of the development. Parcels

A, B and C shall constitute Common Area.

3.02 All operational, maintenance and improvement expenses connected with the Common Area parcels shall be shared on an equal basis by the members of the Association. Each Lot owner's share of Common Area expenses shall be equal to a fraction, the numerator of which is the number of Lots owned by the Owner and the denominator of which is the total number of Lots in the subdivision.

ARTICLE IV.

DESIGN CONTROL

4.01 The Design Review Committee ("Committee") shall be composed of three (3) persons as may be appointed by the Association or the Declarant as long as any Class B members of the Association exist. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor.

4.02 Except as otherwise provided, the vote or written consent of any two members shall constitute action of the Committee. The Committee shall report in writing all approvals and disapprovals of changes in the existing state of the Property to the Association.

4.03 No changes in the existing state of any of the Property shall be made or permitted without the prior written approval of the Committee. Changes in the existing state of the Property shall include without limitation, the construction of any fence, building, structure or other improvement, including utility facilities; the excavation, filling or similar disturbance of the surface of the land including, without limitation, change of grade, ground level or drainage pattern; the planting, removal, clearing, marring, or damaging of trees, shrubs, or other growing things; altering the landscaping texture or exterior appearance of any previously approved change in the existing state of the Property.

4.04 The Committee shall have complete discretion to approve or disapprove any change in the existing state of the Property and may grant or deny variances from the requirements of the design guidelines adopted by the Committee. The Committee shall exercise such discretion with the following objective in mind among others: to carry out the general purposes expressed in this Declaration; to prevent violation of any specific provision of this Declaration or any Supplemental Declaration; to preclude any change which would be unsafe or hazardous to any persons or property; to minimize obstruction or diminution of the view of others; to assure that any change will be of good and attractive design and in harmony with the setting of the area; to assure that material and workmanship for all improvements are of equal or better quality comparable to other improvements in the area; and to assure that any change will require as little maintenance as possible so as to assure a better appearing area under all conditions.

4.05 Prior to expenditures of any substantial time or funds in the planning of any proposed change in the existing state of the Property, the Owner of a Lot shall advise the Committee in writing of the general nature of the proposed change; shall, if requested by the Committee, meet with a member or members of the Committee to discuss the proposed change; shall read or become familiar with any guides or guidelines which may have been prepared or formulated by the Committee; and shall if requested by the Committee, furnish the Committee with preliminary plans and specifications for comment and review.

After the nature and scope of a proposed change in the existing state of the Property is determined and prior to the commencement of work to accomplish such change, the property Owner shall furnish the Committee with three copies of the final working drawings, drawn to such scale as may be reasonably required by the Committee, showing all boundaries, showing existing and proposed contour lines and elevations, showing all existing and proposed improvements, showing the existing and proposed drainage pattern, showing the existing and/or proposed trees and shrubs.

There shall also be furnished to the Committee any and all further information with respect to the existing state of the Lot, which the Committee may reasonably require, to permit it to make an informed decision on whether or not to grant approval of the change.

4.06 With respect to all buildings and other structures, the Committee shall require submission in duplicate, of final working drawings, all drawn to such scale as may be reasonably required by the Committee and containing floor plans, elevations, cross-sections showing structure relative to existing grade and street (if applicable); descriptions of exterior materials and colors and samples of the same; and final construction specifications.

Where buildings or structures or other improvements which reasonably require plans and specifications are proposed to be constructed or built, a reasonable fee, as shall be determined from time to time by the Association, shall be paid to the Association to cover costs and expenses of review.

Prior to giving approval to a proposed change in the existing state of a Lot, at least one (1) member of the Committee shall physically inspect the Lot. No proposed change in the existing state of a Lot shall be deemed to have been approved by the Committee unless its approval is in writing executed by at least two (2) members of the Committee; provided, that approval shall be deemed given if the Committee fails to approve or disapprove of a proposed change or to make additional requirements or request additional information within forty-five (45) days after a full and complete description of the proposed change and all additional instruments, documents and plans have been furnished in writing to the Committee with a written and specific request for approval.

4.07 After approval by the Committee of any proposed change in the existing state of the Property, the proposed change shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed change and any plans and specifications therefor given to the Committee. Failure to accomplish the change strictly in accordance with the description thereof and plans and specifications therefor shall

operate to automatically revoke the approval of the proposed change, and, upon demand by the Committee, the changes shall be brought into complete conformance with the approved plans, or the Lot shall be restored as nearly as possible to its state existing prior to any work in connection with the proposed change.

The Committee and its duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of any changes in the existing state of a Lot being made or which may have been made. The Committee shall have the right and authority to record a notice with the County Recorder stating that any particular change in the existing state of a Lot has not been approved or that any approval given has been automatically revoked.

ARTICLE V.

ESTABLISHMENT AND ORGANIZATION OF ASSOCIATION

5.01 Northstar Meadows Property Owners' Association, Inc., shall be incorporated as an Idaho corporation. The purposes and powers of the Association and the rights and obligations inherent in membership are set forth in its Articles of Incorporation, and the provisions of this Declaration with respect thereto are for general descriptive purposes only. The Association is and shall be obligated (a) to accept title to and maintain Common Areas, (b) to take whatever steps are reasonable and necessary to provide for fire protection for all property included in this Declaration, (c) to take whatever steps are reasonable and necessary to facilitate the transportation of children to school, and (d) to assure the functions and obligations imposed on it or contemplated for it under this Declaration and any similar functions and obligations under any Supplemental Declaration with respect to property now or hereafter subject to the Declaration.

5.02 The Association shall be governed by a Board composed of at least three (3) but not more than seven (7) Directors, all of whom shall be elected at the first annual meeting for staggered terms as set forth in the by-laws.

5.03 Regular meetings of the Association will be held at the time and in the place prescribed by the ByLaws. The first annual meeting shall be held within ninety (90) days after the closing of the sale of the Lot representing the fifty-first (51st) percentile interest of the Lots described herein but in no event later than six (6) months after sale of the first lot.

5.04 Each Owner of each Lot is subject to assessment by the Association and shall be a member of the Association. Said membership shall be appurtenant to and shall not be severed from the Lot.

5.05 The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one

person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the occurrence of the later of any of the following events:

(a) when the total votes outstanding in the Class A membership in the Association equal the total votes outstanding in the Class B membership in said Association;

(b) the fifth anniversary of the recording of this Declaration.

5.06 All elections shall be by secret ballot. Cumulative voting procedures shall be prescribed at all elections at which more than one position on the governing body is to be filled.

5.07 So long as there are two classes of membership, not less than twenty percent (20%) of the membership in the governing body shall be elected solely by the votes of the Class A members.

5.08 Regular meetings of the Directors shall be held monthly.

5.09 Any vote may be cast by an Owner in person or by proxy. All proxies shall be in writing, dated and signed by the Owners and filed with the Board of Directors before commencement of any meeting. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the Owners of his or their Lot or upon death or incapacity of the member executing the proxy statement.

5.10 Where the vote or written assent of the membership is required for any action contemplated herein, such action shall require the prescribed percentage of each class of voters during the time there are two classes of membership.

ARTICLE VI.

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

6.01 Each Member of the Association shall have the right of enjoyment of the Common Area (Parcels A, B and C) including the facilities located thereon, which are appurtenant to the member's Lot, subject to the following conditions:

(a) The right of the Association, to suspend the rights and privileges, including voting rights of any member for any period during which an assessment (to which his interest is subject) remains unpaid and for a period not to exceed thirty (30) days for each infraction of its published rules and regulations and for the right to impose monetary

penalties for violation of such rules and regulations after hearing by the Board of Directors of the Association. Any Owner shall be given at least fifteen (15) days notice of any such hearing by mail to his address as it appears on the books of the Association.

(b) The right of the Association to charge reasonable admission and/or other fees for the use of any facility, belonging to the Association.

(c) The right of the Association, in accordance with its Articles and ByLaws, to borrow money for the purpose of improving the Common Area and facilities.

6.02 The Association shall have the obligation at its expense to maintain in a clean and orderly manner and in a good state of repair its Common Area and all improvements located thereon and to operate in a competent and efficient manner, all facilities located in its Common Area; and in the event of damage or destruction to the improvements, to repair and restore promptly after such damage or destruction occurs, all improvements thereon.

6.03 Any member may delegate his rights of enjoyment in the Common Area and in the privileges of the Association to the members of his family who reside upon a Lot, to contract purchasers from such member, to any of his tenants who reside thereon under a leasehold interest for a term of one month or more, and to his guests; subject, however, to the ByLaws, rules, regulation and limitations of the Association. Such member shall notify the Secretary of the Association in writing of the name of such person(s) and of the relationship of the member to such person(s). The rights and privileges of such person(s) are subject to suspension the same as members of the Association, as provided in paragraph (a) of Section 1 of this Article.

ARTICLE VII.

CREATION OF ASSESSMENT LIENS

7.01 The Declarant, for each Lot owned within the Property hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the respective Association (a) annual assessments or charges; and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

7.02 The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and for the improvement and

maintenance of the Common Area owned by the Association and including, but not limited to, the payment of taxes and insurance for the common properties, and repair, replacement and additions hereto and for the cost of labor, equipment, materials, management and supervision of the Common Area.

7.03 In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement to be performed on the Lots or Common Area or of a capital improvement upon the Association's Common Area, including fixtures and personal property related thereto and for the purpose of performing any unanticipated maintenance, provided that any such assessment in excess of five percent (5%) of the annual budgeted expense of the Association shall have the assent of fifty-one percent (51%) of the votes of all of the Class A members and fifty-one (51%) of all the Class B members, if any, of the Association. Such votes shall be cast in person, by written absentee ballot, or by proxy at a meeting duly called for this purpose as provided in Section 7.04 next following.

7.04 Written notice of any meeting of the members of the Association shall be sent to all members at their address shown in the books of the Association, by regular mail, not less than ten (10) days nor more than sixty (60) days in advance of the meeting and shall set forth the nature of the business to be undertaken. The presence at any meeting of members or of proxies entitled to cast twenty-five percent (25%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Such adjournment shall be for not less than five (5) days and not more than forty-five (45) days from the original meeting date. In the absence of a quorum, no other business may be conducted at any such meeting.

7.05 Annual and special assessments shall be fixed on a pro rata basis for each Lot and shall be collected by the Association on a periodic basis as determined by the board of directors. The directors of the Association shall estimate the charges required to be paid by the Association during the calendar year. The total annual assessments against all Owners shall be based upon advance estimates of cash requirements.

7.06 The annual assessments provided for herein shall commence on the first day of the month following the closing of the first sale of a Lot to a purchaser.

7.07 Without written consent or a majority vote by the members of the Association residing in members, the annual assessment may not be increased more than five percent (5%) over that of the last preceding annual assessment.

7.08 Any assessment not paid within thirty (30) days after the due date, shall bear interest from the due date at the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose

the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. Each of the Owners do hereby grant and appoint the Board of Directors as trustee to enforce such lien and to foreclose such lien by private power of sale, and the authority and power to sell the Lot of such defaulting Owner, or any part thereof, to satisfy said lien, for lawful money of the United States to the highest bidder. Such lien and the right to foreclose the same shall be in addition to and not in substitution for all other rights and remedies which the Owner and the Board of Directors may have to enforce the provisions hereof.

7.09 The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. The sale or transfer of any Lot shall not affect any assessment lien. However, the sale of any Lot pursuant to a mortgage or deed of trust foreclosure shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

7.10 In addition to the remedies stated above, the Association upon violation or breach of any covenant, restriction or condition contained in this Declaration, may enter upon any Lot where such violation or breach exists and may abate or remove the thing or condition causing the violation or breach or may otherwise cure the violation or breach. The costs incurred shall be billed to and paid by the Owner of the Lot. If the Owner of any Lot fails, after demand, to pay such costs, then the Association shall have a lien, from and after the time a notice of such failure to pay is recorded in the records of Blaine County, Idaho, against the Lot of such Owner or Owners for the amount due and not paid, plus interest from the date of demand for payment at the statutory rate, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees.

ARTICLE VIII.

DAMAGE OR DESTRUCTION OF COMMON AREA IMPROVEMENTS

In the event of damage to or destruction of the property of the Association, or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the cost of repair or replacement of the property damaged or destroyed, the Association may make a special assessment in accordance with the provisions of this Declaration, to cover the additional cost of the repair or replacement not covered by the insurance proceeds. Such special assessment is not in addition to any other regular assessments made against Owners and is subject to the rules herein relating to Special Assessments. If any damage or destruction is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished timely and in the manner provided by a written agreement approved by the Owners representing more than fifty percent (50%) of all the Lots after the plans for any repairs or reconstruction have been approved by the Association.

ARTICLE IX.

LENDER'S REGULATIONS

In order that residential units erected on the Property may qualify for existing subsidized lending programs, it is declared that the following rights exist in favor of any first mortgagee, notwithstanding contrary or conflicting provisions contained herein.

9.01 The first mortgagee of any dwelling unit may, by written notice to the Association, request written notice of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under this Declaration within thirty (30) days. Such request shall state the name and mailing address of the mortgagee, and the official records book and page number, file number or other reference identifying such recording, and the Lot number encumbered by said mortgage, and a reference to this Declaration. Each notice of default given pursuant to such request may be sent by regular mail, postage prepaid, addressed to the mortgagee at the address stated in such request. Following the elapse of two (2) years from the date of receipt of the written request last given by any mortgagee pursuant to this Article, the Association shall have no further duty to notify such mortgagee if mortgagor defaults.

9.02 Any first mortgagee who comes into possession of a Lot pursuant to the remedies provided for in the mortgage, or foreclosure of the mortgage, shall be exempt from an existing right of first refusal of any party as to the purchase of such unit from the mortgagee thereof.

9.03 Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote for each mortgage) of Lots within the subdivision have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association for the benefit of the units in the subdivision. (The granting of easements for public utilities or for other public purposes consistent with the intended use of such subdivision shall not be deemed a transfer within the meaning of this clause);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(c) By act or omission change, waive or abandon any scheme or regulation, or enforcements thereof, pertaining to the architectural; design or the exterior appearance of units, the maintenance of party walls, or common fences and driveways, or the upkeep of walls and landscape in the subdivision;

(d) Fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(e) Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such improvements;

9.04 First mortgagees shall have the right to examine the books and records of the Association, upon reasonable advance request in writing.

9.05 First mortgagees of units in the subdivision, may jointly or singly, pay taxes which are in default and which may or have become a charge against Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on lapse of a policy, for such property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

9.06 Nothing herein or in the Articles of Incorporation of the Association, or in any other instrument relating to the Property, gives any Owner of any Lot or other party priority over any rights of first mortgagees pursuant to their mortgages, in the case of distribution to such Owners of insurance proceeds or condemnation awards for losses to or a taking of common property in the subject subdivision.

9.07 The terms "mortgage", "mortgagor" and "mortgagee" as used in this Article shall include respectively, a deed of trust and the trustor and beneficiary thereunder.

ARTICLE X.

ANNEXATION

10.01 "Right to Annex" Declarant shall have the right to annex to this Declaration Phase Two, as depicted on Exhibit "A" and thereby bring within the scheme of this Declaration and subject to the jurisdiction of the Association that portion of the project property.

10.02 "Procedure for Annexation" Any annexation shall be made by recordation of a Supplemental Declaration covering the real property to be annexed. The Supplemental Declaration shall describe the real property to be annexed and state that annexation is being made pursuant to this Declaration for the purpose of extending the jurisdiction of the Association to cover the phase of the project being annexed. The Supplemental Declaration may contain such complimentary additions and modifications to the terms of this Declaration as may be necessary or desirable to reflect the different character, if any, of the phase being annexed and as are not inconsistent with the general scheme of this Declaration. Annexation shall be effective upon recordation of the Supplemental Declaration and thereupon the real property described therein shall be subject to all of the provisions of this Declaration, to the extent made applicable by the Supplemental Declaration, and to the jurisdiction of the Association pursuant to the terms of this Declaration, the Articles and Bylaws.

10.03 "Annexed Property" Each owner of a Lot in an annexed phase automatically shall be a member of the Association and such owners and annexed real property shall be subject to assessment by the Association for the benefit of the project or any part thereof. The Association shall have the duties, responsibilities and powers set forth in this Declaration, the articles and bylaws with respect to annexed real property. Except as may otherwise be expressly provided in this Declaration or any Supplemental Declaration, the project shall be managed and governed by the Association as an entirety. Assessments collected from owners in the project may be expended by the Association anywhere in the project without regard to the particular phase, area or subdivision from which such assessments came. All owners shall have ingress and egress to and from all the common area throughout the project and any phase thereof and shall have use and enjoyment of any recreational facilities and other amenities contained within the common area throughout the project, provided that any such use shall be subject to the provisions of this Declaration, any Supplemental Declaration, the bylaws and the rules and regulations.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

11.01 The provisions hereof may be amended by a vote or the written consent of sixty-six and 67/100ths percent (66.67%) or more of each class of members. Irrespective of the provisions of this Article, the percentage of voting power to amend a specific clause herein shall prevail with relation to that specific Article.

11.02 In the event of any inconsistency between applicable law and any of these covenants or restrictions the applicable law shall govern. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

11.03 The City of Hailey is hereby declared a third-party beneficiary of Section 2.01(a). Therefore, no amendment to Section 2.01(a) may be made without prior written approval by the City of Hailey which also has the right to enforce the restrictions of Section 2.01(a).

DATED this 18 day of Oct, 1994.

NORTHSTAR MEADOWS, an Idaho limited partnership

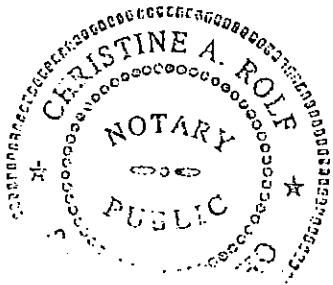
By: Manookian Developers, Inc., an Idaho corporation, its general partner

By: David Manookian
David Manookian, President

STATE OF IDAHO,)
) ss.
County of Blaine.)

On this 18th day of October, 1994, personally appeared DAVID MANOOKIAN, known to me or identified to me to be the President of Manookian Developers, Inc., the corporation that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.



Christine A. Rolf
Notary Public for Idaho
Residing at Hailey, Idaho
Commission expires 6-6-98